Enterprise NOW!

ENTERPRISE SASKATCHEWAN

www.enterprisesaskatchewan.ca

Saskatchewan's quarterly newsletter on people and business engaged in economic growth

Volume 1 ▸ Spring 2009

Unleashing the "Prairie Tiger"

Saskatchewan is currently experiencing an unprecedented economic renaissance.

Leading the provinces in growth, riding a continuous wave of investment interest and activity, and enjoying record prosperity, the province has been referred to as the rising star of Canada's New West, and perhaps the entire nation. It has become even more prominent in recent months during the profound reversals of national and global economic trends—trends that Saskatchewan, while not completely unaffected, has remarkably and defiantly bucked.

But economic growth, especially at times like these, comes with a critical caveat—if it is not sustainable and responsibly managed, there is little to be gained, yet much to lose. Saskatchewan's long-awaited renaissance represents a brilliant opportunity to chart a course for generations to come. How best to seize it?

For unprecedented growth and prosperity, an unprecedented approach: Enterprise Saskatchewan, the new special agency for co-ordinating the province's growth agenda. Led by a board composed of a comprehensive cross-section of stakeholders and leaders, it has one ultimate goal: reducing impediments and barriers to growth to

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This man has the eye of the tiger... see why on page 8

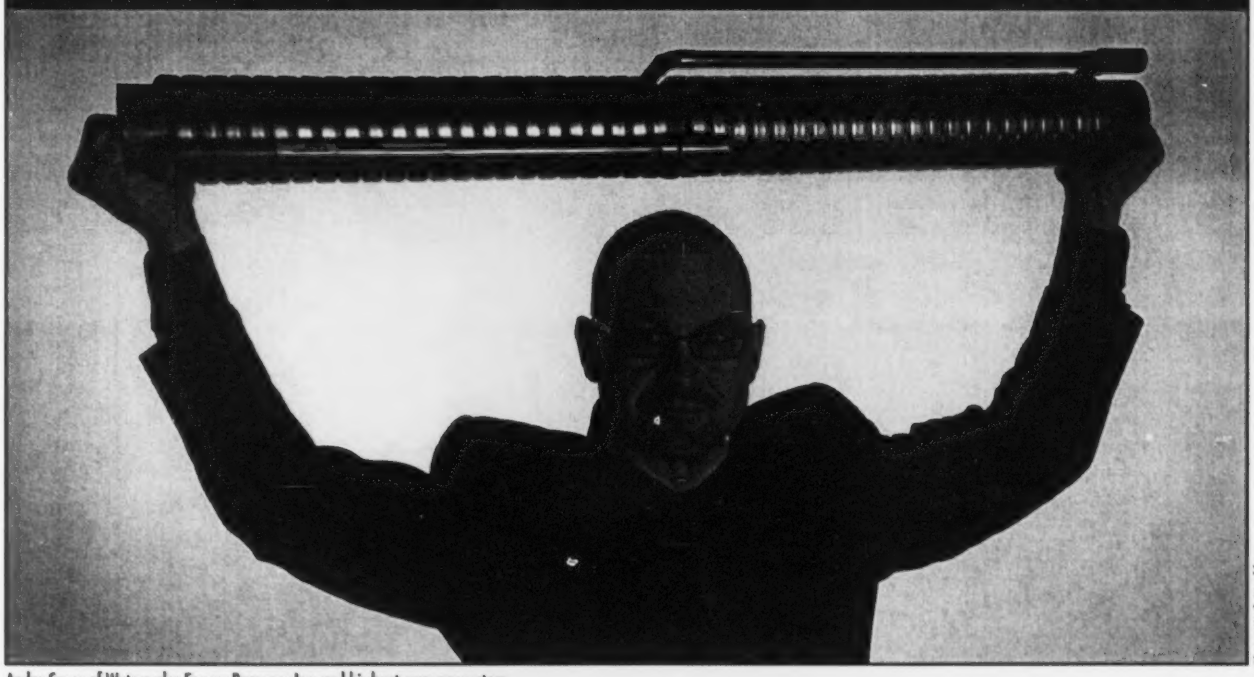
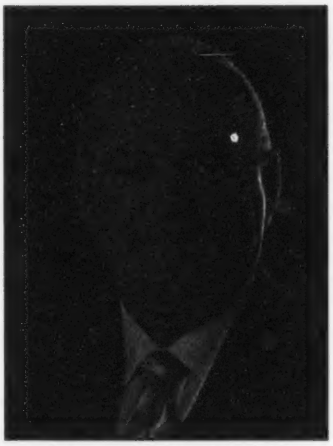


Photo: Keith Moulding

Andre Cayer of Watercycles Energy Recovery Inc. and his heat recovery system

ENTERPRISE SASKATCHEWAN CHAIR AND DEPUTY CHAIR'S MESSAGE

Welcome to the inaugural issue of Enterprise NOW!



Hon. Lyle Stewart, *Chair, Enterprise Saskatchewan Board of Directors*

Gavin Semple, *Deputy Chair, Enterprise Saskatchewan Board of Directors*

These are very exciting times in Saskatchewan. Our provincial economic growth reached a tipping point in 2008—a point that many feel was long in coming but, like a prairie summer rain, could be seen approaching for miles. A tremendous diversity of resources, sectors and activity created a momentum that simply couldn't be restrained any longer, and the effects have been as profound as they have been exciting.

The numbers tell the tale. In the waning days of 2008, Saskatchewan's various economic statistics continued to set national standards even in the face of global market turmoil and retreating commodity prices. Our percentage increase in retail trade was the largest among provinces. Exports compared to October 2007 posted the highest increase among provinces and five times the national increase. Wholesale trade: the largest increase in Canada compared to the year previous. Manufacturing sales: the second highest percentage growth rate in the country. Major investments projects: many billions in planned and clearly committed new capital investment about to be built in Saskatchewan, starting with the $1.9-billion expansion of the CCRL Refinery in the province, one of the larger refinery expansions now underway across the West (more on this story in an upcoming issue). Our population continued to grow as thousands of people were led to Saskatchewan by their goals and dreams. Lastly, all independent forecasts show Saskatchewan leading the country in economic growth in 2008—and since the beginning of October, five independent forecasters have concluded Saskatchewan will still lead the country in economic growth in 2009.

Expansion, prosperity and especially innovation continue to comprise the driving force in this new, and newly competitive, Saskatchewan. Enterprise Saskatchewan, our new agency for facilitating and encouraging economic development in sustainable and innovative ways, is helping direct and refine this force. Through our consultations, our partnerships and our many levels of innovation and investment attraction activities, we are enabling our province to become stronger and more focused, and to start expressing itself in new ways.

Premier Brad Wall has said that we have to keep reminding ourselves that it really is a different story here in Saskatchewan. Within the pages of this and future issues of Enterprise NOW!, you'll see this Saskatchewan story for yourself. It is the showcase for people and businesses engaged in economic growth in Saskatchewan. It puts the spotlight not on government bureaucracy and programs, but on the economic development trenches where one finds the astounding enterprise and innovation that is the spark behind everything we do in this province. In the pages of this newsletter, you'll see why innovation in particular holds the promise of greater things yet to come, and what it means for all of us.

Above all, you'll see not only how our province's story is unfolding, but even more importantly, you'll see who and what is behind it all—because it is not just one story, but many.

Unleashing the "Prairie Tiger"

...continued from cover

ensure Saskatchewan has a competitive environment that attracts investment from anywhere, at every level.

"The agency is really several things," says Enterprise Saskatchewan's Deputy Chair of the Board and well-known Saskatchewan business leader Gavin Semple.

"It's partly an economic advisory board, especially focused on pushing the competitive envelope sector by sector to generate more thought-provoking analysis. It will serve as an independent monitor of very specific growth measures and targets. The agency is also partly an overseer of the province's marketing, regional development and investment attraction efforts across all our key economic sectors."

Conceived by Saskatchewan Premier Brad Wall, the agency is loosely modelled on Enterprise Ireland, which is that country's government agency responsible for development and promotion of its business sector. It was founded in 1998 to help capitalize on and sustain Ireland's remarkable economic expansion, which led to it being referred to as the "Celtic Tiger" (a riff on the "Four Asian Tigers": Hong Kong, Singapore, South Korea and Taiwan).

Here, the decision to establish Enterprise Saskatchewan was driven by the realization that the province's growth is simply too important to not involve strong input from industry and other partners in economic development. The rationale is that the province must have stronger credibility, idea generation and genuine partnerships with all its key stakeholders; it needs more grassroots and open sharing of concerns and new policy thinking; and increased co-ordination, focus and alignment is required. Enterprise Saskatchewan is designed to provide these qualities.

ENTERPRISE SASKATCHEWAN

"Enterprise Saskatchewan will be organized and based on the key sectors of our economy. Its job, through sector participants, will be to identify, develop and monitor competitive advantages and disadvantages in each sector and prescribe action. Reports will be public, and will add to the accountability of this and future governments when it comes to our stated objectives of being among the most competitive business climates in the country. In short, its role is to continually push the competitive envelope."
—Premier Brad Wall

These qualities contribute to the most important objective, says Semple—an emphasis on outcomes and results, not just activities. "It brings fresh perspectives and outside perspectives into the policy-making realm of government, unencumbered by the more cautious or filtered analysis of bureaucracies or narrow partisan interests."

There are also other advantages. It fosters a stronger entrepreneurial culture inside the organization. It provides for more flexibility and speed than the traditional "command and control" government approach, and a strong customer-based and customer-driven service ethic, one of the foundations of sound business strategy.

And this sound business strategy—backed by the considerable momentum of a provincial economy that has the makings of a Prairie Tiger—could well be what helps make Enterprise Saskatchewan the right idea at precisely the right time.

OVER THE HORIZON

Bold, landlocked and boasting as its largest metropolis the city of Saskatoon, Saskatchewan may not be top of mind for most Americans. But the Canadian province is one of the richest spots in the world when it comes to natural resources... [It] today enjoys Canada's fastest-growing economy; its GDP is expected to rise 3.9% this year, compared with 0.9% for the country as a whole, and it has a $3-billion budget surplus.

—Fortune Magazine, November 2008

Raum Harnesses Wind for Energy

By Joe Ralko

U of S alumni provide the brainpower

A Saskatoon-based company is soaring to new heights by helping homeowners, farmers, ranchers and small businesses across the province harness the wind for electricity.

Raum Energy Inc. was established three years ago by Dr. Darryl Jessie and since then has helped many families reduce their electrical bills through wind power.

"We are a wind energy company focused on development and manufacture of highly robust and reliable wind turbines and grid-tie inverters," said Jessie, whose company now employs 17 people full time. "Our goal is to provide the complete wind energy system—turbine, grid-tie inverter and tower."

Raum's primary product is a wind turbine system that can produce 1.3 kilowatts of electricity. There are plans to add a larger 3.5 kW wind turbine system in early 2009. Both systems were the brainchild of Raum engineers who are all graduates of the University of Saskatchewan.

"We sell a robust machine built for the Canadian Prairies, yet at a very reasonable price point," the Raum president said.

Pricing begins at $7,000 for the Raum package. The American Wind Energy Association (AWEA) said payback varies by electrical usage but it's not uncommon for annual bills to be cut by up to 50 per cent.

There is no sticker shock from the customers, Jessie said, because people who are interested in opting for wind energy to reduce their dependency on the electrical grid are ready to pay the price.

"We sell a complete solution—turbine, inverter, tower and install kit—to the customer," Jessie said.

"Basically we provide all the hardware needed for the customer to begin generating power from the wind. The customer still needs to pour a cement pad, trench the wiring and have an electrician install the inverter connection to an inside breaker box."

Customers can select a do-it-yourself option or pay a bit extra for the system to be set up.

"All systems are manufactured by us," Jessie said.

"We do some of the installs if needed and, as well, our dealer network can do installs. But a person could install their own system—and that's the advantage of our machine—it's an easily installed, weekend project."

Raum moved into a new 8,000-square-foot building at 3718A Millar Avenue in the north industrial area of Saskatoon recently. The Raum dealer network has grown to include Estevan, Lumsden, Prince Albert, Regina and Swift Current.

Raum's core customers are non-commercial; they live on acreages and farms. Businesses in small towns and cities have also embraced the Raum products where local zoning regulations permit.

Jessie doesn't believe there is competition for Raum.

"We are selling a solution rather than competing with other wind turbine dealers," he said. "That's because we are one of only a few companies in this market that sell a solution that consists of all our own products."

Wind sales have taken off because of soaring energy costs and the need to be environmentally friendly and use renewable resources.

Next up for Raum, one of very few Canadian companies in what's described as the smaller wind market, is expansion into Europe later this year.

Photo: Hogarth Photography

L to R: Dave Cote – M.Eng, Dr. Darryl Jessie – PhD, PEng, CEO & President of Raum Energy, Matthew Kowalyshen – BSc., Nathan Weibe – BSc, Darrell Hill – BSc and JT Steenkamp – BSc(EP).

Yorkton Canola Plant Opening Later This Year

By Joe Ralko

"A positive step for everyone involved"

A growing demand for healthier food alternatives in the United States will benefit Yorkton-area canola producers when a $130-million crushing plant begins operation in time for the 2009 crop year.

Louis Dreyfus Commodities and Mitsui & Co. Ltd. formed a joint venture in 2007—LDM Foods—to construct and then operate the Yorkton facility.

"We are on target to commission the plant in late May or early June," explained Brant Randles, President of LDM Foods. "We're confident commercial crushing of canola will begin before September 1 in time for farmers to bring the 2009 canola crop to us."

Hundreds of area farmers will grow canola under contract to the plant, which will employ 65 people full time and operate 24 hours a day, seven days a week.

The Yorkton plant will process 850,000 metric tonnes of canola per year and bring Louis Dreyfus's worldwide oilseed processing capacity to 36,000 metric tonnes per day. The annual capacity of the Yorkton plant will be 350,000 metric tonnes of oil and 500,000 metric tonnes of meal production.

"Canola oil is playing an important role in eliminating trans fats and reducing saturated fats in the North American diet." Randles said. "This will allow the new processing plant to play a large and important role in helping Canadian farmers supply the market with the oil it needs to meet this demand."

The Yorkton site was selected because of the transportation infrastructure (rail and road), access to natural gas, support from various levels of government and is in the heart of Canada's main canola-growing region.

"The partnership is a positive step for everyone involved," he said.

During construction, almost three dozen Yorkton-area businesses have supplied the project with goods and services including EMW Industrial, Potzus Ltd., Logan Stevens Construction Ltd. and Yorkton Concrete Products Ltd.

Major suppliers have also included Associated Engineering and Supreme Steel Ltd. from Saskatoon and Hipperson Construction Company of Regina.

"The new partnership serves to strengthen a long-standing business relationship that Louis Dreyfus has enjoyed with Mitsui over the years," Randles said. "We have a long history with Mitsui and this partnership really reflects that history."

Mitsui is the largest customer for Swiss-based Louis Dreyfus Commodities, and Louis Dreyfus is Mitsui's top supplier of canola from both Canada and Australia, Randles said.

Both partners in the joint venture bring a track record of success doing business globally and in Western Canada.

Louis Dreyfus Canada Ltd. is part of the Louis Dreyfus Commodities group, a leader in international commodity markets since 1851. Active in the Canadian grain marketing business since 1941, Louis Dreyfus owns 10 high throughput country elevators in western Canada and an export grain terminal in Port Cartier, Quebec.

Mitsui & Co. Ltd. is one of the world's most diversified and comprehensive trading, investment and service enterprises.

Louis Dreyfus retains a 60 per cent ownership of the Yorkton canola plant, with Mitsui holding the other 40 per cent.

However, it's obvious the Yorkton area businesses and canola producers are the biggest winners in the world-class, home-grown project.

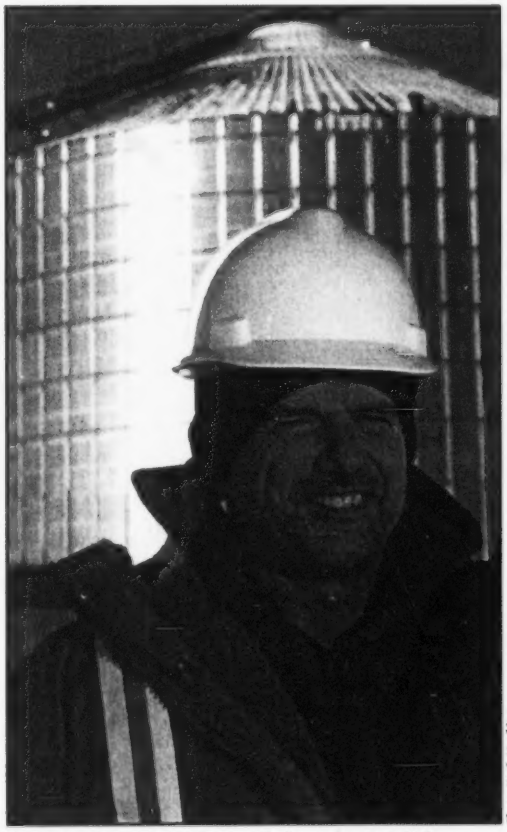


Photo: Keith Moulding

Plant project manager Brent German at the future plant site in Yorkton

A Saskatchewan Award Winner

By Elaine Carlson

"What can I say? They're Saskatchewan people!"

Innovation means everything to Sean Frisky, President of Ground Effects Environmental Services Inc. (GEE) in Regina, and it's a big reason why his company has become a significant player in the international environmental remediation market.

Since 1998, GEE has developed more than 70 groundbreaking remediation technologies that have been proven to effectively clean up soil, air and ground water contamination in hundreds of sites across Canada, the United States and in other parts of the world. And not surprisingly, Frisky and his team have developed remediation equipment and processes for cleaning up the environment that others haven't even thought of trying.

"We don't duplicate work others have done," says Frisky. "We aim to be innovative in everything we do."

Yet again, GEE has developed a leading-edge technology—the EK3 Electrokinetic Remediation System. It uses direct electrical current technology to clean up salt and heavy metals from contaminated sites on-site with minimal environmental impact or disturbance. "Salt contamination is a huge problem for the oil patch and other industries," says Frisky. "It's a billion-dollar clean-up problem in Alberta alone, and a multibillion-dollar problem worldwide. Currently, we're the only company in the world able to remediate salt contamination in place in a commercially viable way."

The environmental remediation potential of the EK3 is so remarkable, GEE recently won the "Best of the Best" Award from the Canadian Advanced Technology Alliance (CATA). CATA is the largest high-tech association in Canada and fosters commercialization, market research, networking events, access to other associations, and professional development across Canada. The CATA awards both recognize the nation's most promising entrepreneurs and innovators and celebrate standout companies that give Canada its collaborative edge. Frisky received the 3M Canada Award for excellence in Emerging Technology and the Northern Light Award as the "Best of the Best" at a presentation in Ottawa in May 2008.

Awards are not new to Frisky. GEE recently achieved the Engineering Award of Excellence at the national Design Exchange Awards (DXA) presented by Canadian Business magazine—once again, for the EK3 technology. The DXA Awards are intended to promote Canadian design excellence and to recognize the critical role of design in all types of organizations. GEE also was recently recognized in the Deloitte Technology Green 15™ Award—the only Saskatchewan company to make this prestigious list. In 2007, the National Research Council awarded GEE with a Canadian Innovation Leader Award based on the company's work in the areas of salt remediation with the EK3 technology. Frisky also received three Ernst & Young Entrepreneur of the Year finalist distinctions since 2005.

GEE began working on the salt remediation process almost six years ago. "Our first field prototype was off the line three years ago, and just this last year we've started doing our first commercial projects, so it's nice that something has spun out of all this work. We already have had some international interest from Holland, and Australia is looking at some potential licensing agreements," Frisky said.

GEE's in-house research lab isn't resting on its laurels, however. "We're now modifying the EK3 technology and testing it to see whether we can develop an in situ oilsands production process that's environmentally friendly," says Frisky. "Depending on what happens in the market, we could have it ready for pilot testing in as early as six months."

While innovation factors high in GEE's overall success, Frisky credits his "incredible team" with possessing a spirit of innovation and a work ethic second to none.

"What can I say? They're Saskatchewan people!"

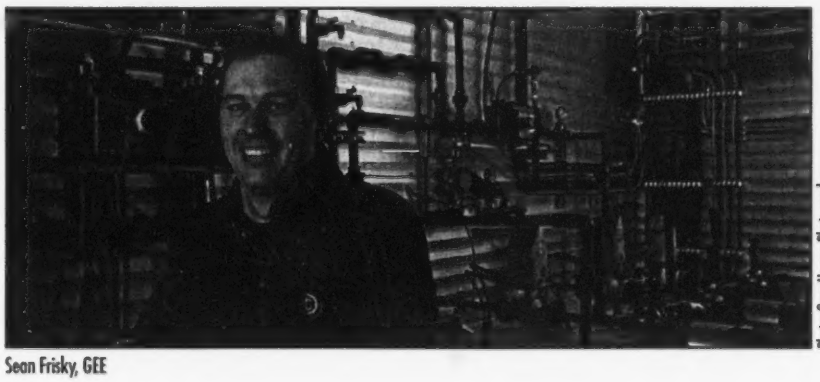


Photo: Greg Huszar Photography

Sean Frisky, GEE

An Exciting New Vision of Enterprise Regions in Saskatchewan

In order to achieve true economic growth in the province of Saskatchewan, businesses must become globally competitive, not just locally competitive. For the first time, North American commodities and manufactured goods are no longer the undisputed champions of the world market—because North America is no longer the home of the lowest-cost land and labour. Those titles are now in contention throughout the globe. Most regions must find a new way in the global economy.

Long-term survival in today's competitive business environment requires facing a number of important considerations. The considerations include global competitiveness, the need for focus, the need to think globally and strategically, the need for differentiation, and the challenge to be world-class producers/manufacturers. Industry will require a world-class business environment in which to do business.

The new economic reality is that business is a game of survival of the smartest and fittest, with a competitive environment challenging us to be stronger, faster and smarter every day. "The goal of the Enterprise Regions (ER) Initiative is to help businesses and regions change and become more entrepreneurial and competitive, as well as to foster innovation to succeed in the new global economy," says Enterprise Saskatchewan CEO Dale Botting.

"The potential exists throughout the province to enhance regional resiliency and generate new economic activity that would complement industry and business development and contribute to this increased competitiveness," Botting added. "Although Saskatchewan's economy has been performing very well, the new challenge will be to maintain and sustain economic growth."

Businesses, communities and regions must find new and innovative ways of competing and generating jobs and income in this global economy. They must focus efforts on their competitive advantages and vision.

The new ER Initiative focuses on implementing a new way of approaching business and community development—a move away from a fragmented set of separately administered programs and boundaries toward an industry/community and regionally driven approach that helps local actors cross boundaries and build on existing strengths. It is a move to regionally integrated economic planning and decision-making that includes infrastructure, training and development, branding and marketing, business retention and attraction, and investor network building.

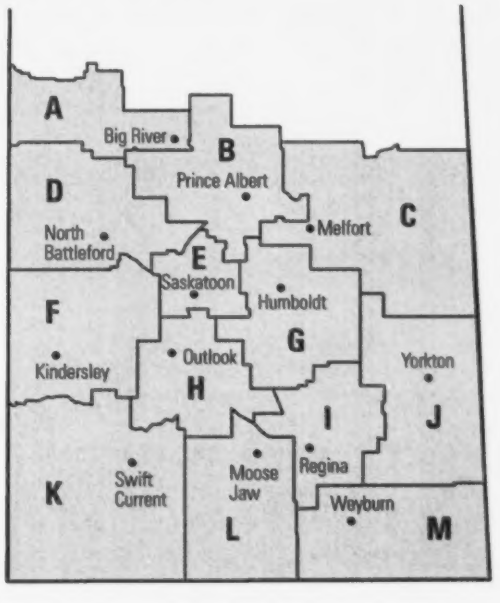
To help accomplish its goal, the ER Initiative funding of $5 million has been set to build more capacity in professional resources and in core operating dollars to help execute priorities and lessen the anxiety and time spent on sourcing funds.

The ER Initiative also challenges regions to build a strong value proposition that engages stakeholders to partner for matching resources. In return, Enterprise Saskatchewan will reward such creative and entrepreneurial partnerships by matching this independent equity raised by each region.

Ultimately, this is a quantum leap forward for the province's regions, which have worked so hard in the past and which will now match that hard-won experience with the backing of a powerful new vision—the ER Initiative—to achieve the growth and potential they deserve.

ENTERPRISE REGIONAL MAP

A – Meadow Lake
B – North Central
C – North East
D – North West
E – Saskatoon
F – West Central
G – Mid Sask East
H – Mid Sask West
I – Regina
J – East Central
K – South West
L – South Central
M – South East



Taking the Heat and Using It

By Elaine Carlson

Edenwold product saves heat – and cash

Four years ago, Andre Cayer wondered how he could harvest the heat from his shower before it disappeared into the drain. Today, his company in Edenwold, Saskatchewan—Watercycles Energy Recovery Inc.—is manufacturing and marketing a simple but very effective device that does just that.

Using a system of copper coils, heat is conducted away from the drainpipe at the same time as it preheats cold water on its way to the hot water tank. "A lot of energy is required to heat water from the 6-8° C when it comes into your house to the 41° C most people want for showers. We can get you almost halfway there with money you've already spent on energy," says Cayer.

For the increasingly green consumer, the Watercycle™ makes good environmental sense because it consumes no energy and reduces carbon emissions. "Compared to solar hot water heating, our unit outperforms solar panels three-to-one per dollar spent," says Cayer, "but it also works very well in conjunction with solar panels as well as with tankless hot water heaters where the unit doubles the output of any inline water heater. It also extends the life of traditional hot water heaters because there is less demand on the heating element." Both the U.S. Department of Energy and NRCan project a 2-6 year cost recovery on investment.

While Watercycle Energy Recovery Inc. has mainly marketed to residential customers via its website www.watercycles.ca, a U.S. distributor and manufacturing reps, the unit has excellent potential for commercial applications. "That would be any situation where someone pays the bill while a second party turns on the shower, such as hotels, fitness centres, swimming pools and commercial kitchens with multiple dishwashers," says Cayer.

Cayer feels optimistic about the future. "Saskatchewan has all the elements to become a centre of excellence in green technology," he says. "Not only do we have access to assistance for product development and testing and market development through agencies such as the Saskatchewan Research Council and NRCan and networks such as Communities of Tomorrow, but we just happen to have one of the greatest infrastructures on the planet—transportation routes, high speed Internet and excellent telecommunications. You can do anything from here!"

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